

Analysis of Impact of Range of Price Increases Conducted in Preparation for Governor's vote on 8-8-2019

Bound Printed Matter Parcels Analysis					
	Price Changes				
Before Rates	0%				
Base: CPI (Market Dominant)	1.9%				
Scenario 1	1%				
Scenario 2	2%				
Scenario 3	3%				
Scenario 4	4%				
Scenario 5	5%				
Scenario 6	10%				
Scenario 7	15%				
Scenario 8	25%				
Scenario 9	50%				
Scenario 10	100%				
Scenario 11	200%				

Key Assumptions

Model Inputs	
Elasticity	-0.821
Cost per piece	1.04
Cost saving capture	75%
CPI	1.9%

	FY2019Q3 equation	FY2020Q1 equation	
	(1.103)	(0.821)	
CRA 2019, attributable cost			
	100%	75%	50%

Notes:

Price Impacts are calculated for full year FY2021Q2-FY2022Q1

BPM Parcels have a price elasticity of -0.821 in FY2020Q1 equations, meaning that a 1.0% price increase will result in about a 0.8% volume decrease; BPM Parcels have a price elasticity of -1.103 in FY2019Q3 equations, meaning that a 1.0% price increase will result in about a 1.1% volume decrease. Neither of the two elasticities is statistically different from -1.

The model (elasticity) assumes small price changes, therefore model forecasts are less likely to hold for significant price increases (above 15%, etc.).